

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director

REC'D TO
REGULATORY AUTH.

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CHIEF OF STAFF
EXECUTIVE SECRETARY

March 31, 2000

D. Billye Sanders, Esquire
Waller Lansden Dortch & Davis
511 Union Street, Suite 2100
P.O. Box 198966
Nashville, TN 37219-8966

RE: Application of Memphis Network, LLC for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services – Docket No. 99-00909

Dear Ms. Sanders:

This letter is to address additional inquiries concerning the data request submitted to Memphis Network on March 23, 2000, specifically Request No. 1 regarding a cost allocation manual. We have met with agreement of the parties following the Status Conferences of March 24 and March 29 to discuss Memphis Network's questions regarding what constituted a cost allocation manual and specificity as to Request No. 1.

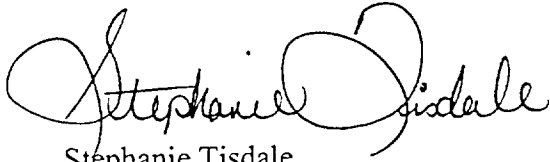
During the last meeting, we were requested by the parties to put any clarifying remarks as to Request No. 1 into writing. To further assist in defining what is being requested as a cost allocation manual, we are providing the following additional information.

A cost allocation manual is a commonly used accounting tool that documents the proper accounting procedures that are used to assign investment and expenses of multi-service or multi-product firms or companies. A cost allocation manual is a frequently used accounting safeguard in the utility industry, especially in telecommunications, to demonstrate that accounting procedures are in place to prevent inappropriate cross-subsidization among services. Each cost allocation manual is unique and must be tailored to the individual needs of the company or firm.

This additional information along with the information included in Request No. 1 should provide sufficient explanation as to the information the TRA is seeking from Memphis Network and should obviate the need for the proposed meeting on April 3. Additionally, we ask that you provide all the responses to the Authority's data request of March 23,

2000 by April 5, 2000. Please do not hesitate to call me should you have questions regarding this matter.

Sincerely,

A handwritten signature in cursive script, reading "Stephanie Tisdale". The signature is fluid and elegant, with the first name and last name clearly distinguishable.

Stephanie Tisdale
Counsel

cc: Docket File No. 99-00909
John Knox Walkup, Esquire
R. Dale Grimes, Esquire
Guy Hicks, Esquire
Henry Walker, Esquire
Charles Welch, Jr., Esquire